

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

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FILED 1425
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INTERSTATE COMMERCE COMMISSION
OF COUNSEL
URBAN A. LESTER

November 8, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) copies of a Lease Assignment and Consent Agreement, dated October 24, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177

The names and addresses of the parties to the enclosed documents are:

Lesser: WATCO, Inc.
315 West Third Street
Pittsburg, Kansas 66792

Lessee: South Kansas & Oklahoma Railroad
315 West Third Street
Pittsburg, Kansas 66762

A description of the railroad equipment covered by the enclosed document is:

Three (3) Model GP 35 locomotives 6606, 6628 and 6629; and One (1)
Model GP 30 locomotive 3002

Mr. Vernon A. Williams
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Also enclosed is a check in the amount of \$21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'R. Alvord', written in black ink.

Robert W. Alvord

RWA/bg
Enclosures

LEASE ASSIGNMENT
AND CONSENT AGREEMENT

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THIS LEASE ASSIGNMENT AND CONSENT AGREEMENT ("Agreement") entered into this 24th day of October, 1995 by and between **WATCO, Inc.**, a Kansas corporation and **Inman Service Company, Inc.**, a Texas corporation ("Lessor") whose address is 315 West Third Street, Pittsburg, Kansas 66762; **South Kansas & Oklahoma Railroad**, a Kansas corporation ("Lessee") whose address is 315 West Third Street, Pittsburg, Kansas 66762; and **METLIFE CAPITAL CORPORATION**, a Delaware corporation ("Lender") whose address is 10900 N.E. 4th St., Suite 500, Bellevue, Washington 98004.

WITNESSETH:

WHEREAS, Lessor, as borrower, entered into a certain Loan and Security Agreement dated October 24, 1995 ("Loan") whereby Lender made a loan to Lessor for the acquisition of certain equipment more specifically described in Exhibit "A" attached hereto ("Equipment"), and whereby Lessor granted to Lender a security interest in the Equipment to secure repayment of such loan; and

WHEREAS, Lessor wishes to enter into a certain Equipment Lease agreement ("Lease") whereby Lessor will lease the Equipment to Lessee; and

WHEREAS, pursuant to the terms of the Loan, Lender's consent to such lease of the Equipment is required; and

WHEREAS, Lender is willing to give such consent to the Lease provided that the parties enter into the covenants and make the representations and warranties set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and the premises herein contained, the parties hereto agree as follows:

1. The following provisions shall be and are hereby incorporated into and made a part of the Lease:
 - a. The rights of Lessee in and to the Equipment are subject and subordinate to all terms of the Loan and all rights of Lender in and to the Equipment and under the Loan including, without limitation, the right of Lender to inspect and take possession of and sell the Equipment according to the terms and provisions of the Loan and applicable law.
 - b. Lessee waives any right that it may have, either in contract or under applicable law, to any notice of Lender's intention to inspect, take possession of, sell, or exercise any other right or remedy in respect of the Equipment or under the Loan.
 - c. Lessee waives, as against Lender, any and all rights to any claim, set-off, defense, counterclaim or cross claim, however arising, which it may hold against Lessor.
 - d. Lessee acknowledges that Lender shall not be obligated to perform any of Lessor's duties under the Lease, including but not limited to maintenance, repairs, service or insurance.
 - e. Lessee shall not use, or allow to be used, the Equipment outside the continental United States without the prior written consent of Lender.
2. In the event of a default by Lessor under the Loan, Lessee's rights under the Lease and its rights hereunder shall terminate and thereafter Lender may, at its option, exercise its rights and remedies under the Loan and hereunder.
3. Lessor and Lessee represent and warrant to Lender that: the Lease is genuine, has been duly executed and represents a valid and binding contract; all names, addresses, dates, signatures and other statements and facts contained therein are true and correct; the Lease is and will continue to be enforceable according to its terms; the Lease is and will continue to be free from any liens, setoffs, counterclaims and other defenses; Lessor has the right to assign the Lease and this Agreement conveys good title thereto, free and clear of any other liens and encumbrances whatsoever; and all executed original counterparts of the Lease have been delivered to Lender.
4. Breach of any of the representations and warranties contained in this Agreement shall be deemed a default under the Loan and shall entitle Lender to exercise any or all of its rights and remedies thereunder or hereunder, as Lender shall choose in the exercise of its sole discretion. These representations, warranties and indemnifications shall be binding upon Lessor, Lessee and their successors and assigns and the benefits thereof shall extend to and include the successors and assigns of Lender. All of Lender's rights, privileges and indemnities contained in this Agreement shall survive the expiration or other termination of the Loan, the Lease and this Agreement.
5. Neither Lessor nor Lessee may (a) sell or offer for sale the Equipment or (b) sublease the Equipment to any third party without the prior written consent of Lender.
6. Lessor hereby gives, grants, assigns, transfers, pledges and hypothecates unto Lender, as security for the performance of its obligations under the Loan, all of the right, title and interest of Lessor in and to (a) the Lease and any guaranty or endorsement thereof, (b) all rentals and all other amounts, including but not limited to all amounts payable due to Lessee's early termination of the Lease, due under the Lease, (c) any and all proceeds of insurance required by the Lease and (d) all proceeds of the foregoing. In furtherance of the foregoing grant of a security interest, Lessor agrees to execute such other and further documents as required by Lender and further agrees to deliver to Lender all originals of the Lease.

7. After default by Lessor or Lessee under the Loan, the Lease or this Agreement, Lender may at its option exercise one or more of the following remedies in addition to any remedies it may have under the Loan: (a) Lender may require the payment of all rent and any other payments due under the Lease directly to Lender, and in such event Lessor agrees not to collect any such payments thereafter; (b) Lender may enforce, modify or terminate the Lease; (c) Lender may exercise any other remedy available to it pursuant to applicable law or available to Lessor under the Lease. All rights granted hereunder shall be cumulative and not alternative, shall be in addition to, and shall in no manner impair or affect, Lender's rights under the Loan or other agreement, statute or rule of law.

8. Lessee specifically acknowledges and agrees that, notwithstanding anything to the contrary in the Lease, LENDER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONDITION, QUALITY, WORKMANSHIP, OR THE SUITABILITY, ADEQUACY, OPERATION, USE OR PERFORMANCE OF THE VEHICLES OR AS TO THEIR MERCHANT ABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

9. Nothing contained herein or in the Lease shall operate to excuse Lessor from any of its obligations under the Loan. Lender shall have no duty to enforce performance by Lessee under the Lease.

10. If any provision hereof shall be determined to be unenforceable, the same shall be deemed stricken, but the remainder of this Agreement shall remain in full force and effect and shall be construed to effectuate the intent of the parties as set forth herein. Lender's failure at any time to require strict performance by Lessor or Lessee of any provision hereof shall not waive or diminish Lender's right thereafter to demand strict compliance with that or any other provision. Lessor and Lessee agree to execute any financing statements, or other instruments necessary for perfecting the interest of Lender.

11. Any modification hereof and any waiver of any of the provisions hereof shall not be valid unless in writing and signed by an authorized representative of the parties hereto.

12. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

13. This Agreement may be executed in any number of counterparts all of which shall constitute one and the same instrument, and any of the parties or signatories hereto may execute this Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first herein above written.

LESSOR:

LESSEE:

WATCO, Inc., Co-Lessor

South Kansas & Oklahoma Railroad

By: Charles R. Webb
Its: President

By: Richard B. Webb
Its: President

Inman Service Company, Inc., Co-Lessor

By: Dale D. Doherty
Its: Controller ICFO

CONSENT OF LENDER

On the terms and conditions set forth above, MetLife Capital Corporation hereby consents to the Lease by WATCO, Inc. and Inman Service Company, Inc. of the Equipment to South Kansas & Oklahoma Railroad, dated this 24th day of October, 1995.

MetLife Capital Corporation

By: [Signature]
Its: Vice President

EXHIBIT "A" TO LEASE ASSIGNMENT AND CONSENT AGREEMENT BETWEEN WATCO, INC. AND INMAN
SERVICE COMPANY, INC., CO-LESSORS, SOUTH KANSAS AND OKLAHOMA RAILROAD, LESSEE AND
METLIFE CAPITAL CORPORATION, LENDER

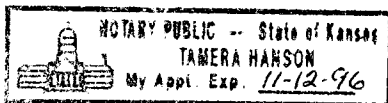
QUANTITY	MODEL	DESCRIPTION	NUMBER
Three (3)	GP 35	Locomotive	6606 6628 6629
One (1)	GP 30	Locomotive	3002

ACKNOWLEDGMENT

STATE OF Kansas
COUNTY OF Crawford

On this 24th day of October, 1995 before me, a Notary Public,
personally appeared Charles R. Webb, to me known to be the
President of **WATCO, Inc.** who executed the foregoing instrument and
acknowledged the said instrument was the free and voluntary act and deed of said corporation, for the
uses and purposes therein mentioned.

[NOTARIAL SEAL]



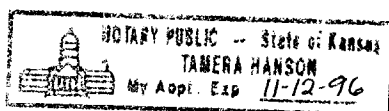
Tamera Hanson
NOTARY PUBLIC in and for the State of Kansas,
residing at Pittsburg, Ks.
My commission expires Nov. 12, 1996.

ACKNOWLEDGMENT

STATE OF Kansas
COUNTY OF Crawford

On this 24th day of October, 1995 before me, a Notary Public,
personally appeared Donald D. Orender, to me known to be the
Controller / C.F.O. of **Inman Service Company, Inc.** who executed the foregoing
instrument and acknowledged the said instrument was the free and voluntary act and deed of said
corporation, for the uses and purposes therein mentioned.

[NOTARIAL SEAL]



Tamera Hanson
NOTARY PUBLIC in and for the State of Kansas,
residing at Pittsburg, Ks.
My commission expires Nov. 12, 1996.

ACKNOWLEDGMENT

STATE OF Kansas
COUNTY OF Crawford

On this 24th day of October, 1995 before me, a Notary Public,
personally appeared Richard B. Webb, to me known to be the
President of **South Kansas & Oklahoma Railroad** who executed the
foregoing instrument and acknowledged the said instrument was the free and voluntary act and deed of
said corporation, for the uses and purposes therein mentioned.

[NOTARIAL SEAL]



Tamera Hanson
NOTARY PUBLIC in and for the State of Kansas,
residing at Pittsburg, KS.
My commission expires Nov. 12, 1996

ACKNOWLEDGMENT

STATE OF Washington
COUNTY OF King

On this 24th day of October, 19__ before me, a Notary Public,
personally appeared Judy Johnston, to me known to be the
Vice President of **MetLife Capital Corporation** who executed the foregoing
instrument and acknowledged the said instrument was the free and voluntary act and deed of said
corporation, for the uses and purposes therein mentioned.

[NOTARIAL SEAL]

Dianne K. Muse
NOTARY PUBLIC in and for the State of Washington
residing at Woodinville
My commission expires 2/6/96